MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

T1, 2018/ 2019

BMM7034 – MARKETING MANAGEMENT

(MBA Full Time)

5 OCTOBER 2018
9.00 a.m – 12.00 p.m
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consist of **SIX (6)** pages (including the cover page).

2. Answer **THREE (3)** questions in **PART A** and **ALL** questions in **PART B**. The marks distributions are given in parentheses.

3. Write all your answers in the **Answer Booklet** provided.

Part A: Answer any THREE out of four questions. (Total 60 marks)

QUESTION 1

a) *"You can't make an omelette without breaking few eggs"* is a famous quote spotted in Nutmeg Restaurant, Bangsar Village, Kuala Lumpur. In your opinion, how does Nutmeg Restaurant in Bangsar Village strategize to serve their customers as compared to Nasi Kandar Pelita in Cyberjaya?

(12 marks)

b) Compare selling and marketing concepts through key component of each philosophy.

(8 marks)

QUESTION 2

a) Nutmeg Restaurant in Bangsar Village employs value- based pricing. What is value-based pricing? Briefly explain **THREE (3)** challenges in using value-based pricing.

(6 Marks)

b) Gen Y is the "Digital Society" that no marketers should ignore. Discuss the underlying factors influencing Gen Y's buying behavior.

(10 Marks)

c) Word of mouth through opinion leaders can have powerful impact on consumer buying behavior. Briefly explain opinion leaders.

(4 marks)

QUESTION 3

a) Based on your observations, list **FOUR (4)** critical success factors of Nu Sentral, the high-end shopping center in K.L Sentral.

(4 marks)

b) Suppose you have been appointed as a consultant for NU Sentral and tasked to compare Nu Sentral's position against its competitors, Mid Valley Megamall and KLCC. Establish a competitor profile matrix (CPM) and suggest area of improvements for Nu Sentral.

(10 marks)

c) What is advertising? Briefly discuss the **FOUR (4)** important decisions towards developing an advertising program.

(6 Marks)

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QUESTION 4

a) Asian Games 2018 Indonesia had three mascots; Bhin Bhin (Bird of Paradise), Atung (Bawean deer) and Kaka (Single-horned rhinoceros). In your opinion, what is product image of Asian Games 2018? Why the organizers had resorted to having three mascots?

(6 marks)

b) Marketing channel is an important element of marketing mix. Discuss **FOUR (4)** functions undertaken by marketing channels.

(10 marks)

c) State **FOUR (4)** reasons for companies to engage in green practices.

(4marks)

Part B: Case study (Total 40 marks)

QUESTION 5

Read the case. Answer **ALL** the questions.

McDonald's in the Philippines: Stung by the Bee

McDonald's opened its first restaurant in the Philippines in 1981, when George T. Yang, an entrepreneur of Chinese descent and a Wharton graduate, launched the fast-food phenomenon in a joint venture with the U.S. based McDonald's Corporation.

The Philippines, with its four decades history as an American occupied territory, is a huge fan of American culture. Several American restaurant franchises have been well received here, and Yang was confident that McDonald's would do well too. Introducing the Big Mac experience to the Philippines was seen as something of a revolution in the local dining industry. It offered consumers a taste of McDonald's Quarter Pounder, the World Famous Fries and Coke McFloat. Apart from the fast-food fiesta, McDonald's also provided quick service, a clean environment, and a young and upbeat staff. In 2005, the business became a fully owned Filipino enterprise. However, the McDonald's journey hasn't been all smooth sailing. A local company called Jollibee, which turned its ice cream parlor into a burger joint has been stinging McDonald's in the Philippines ever since it was opened. Jollibee, which was founded by Filipino entrepreneur Tony Tan Caktiong in 1978, is often referred to as Asia's response to McDonalds.

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With more than 31,000 outlets in over 100 countries, of which 3,000 are in Asia, and their vast experience, one would think McDonald's would easily surpass its regional brands; however, Jollibee has surfaced as its biggest competitor. Having heard that McDonald's was coming to the Philippines, Tan traveled to the United States to get a better understanding of Jollibee's competitors.

Just before McDonald's was launched, Jollibee offered consumers a menu similar to McDonald's but adapted it to suit the Filipino palate and priced the items lower. Unlike the Americans, Filipinos don't like pure beef patties as they consider them to be bland. Catering to the local tastes and preferences, Jollibee ensures that their patties have a stronger flavor, usually with more garlic, onion, and celery. One of its popular dishes is Chickenjoy, which is a serving of fried chicken and rice with a generous helping of chili powder. Its fries are dry on the inside and taste like they have been fried several times over, just the way the primary consumers like it. Other items on their menu include Jolly Spaghetti, which is spaghetti served with sweet meat sauce and hotdog slices, and its signature deep fried mango pie, which is in a better position to take on McDonald's apple pie. Even its mascot, Jolly Bee, epitomizes the Filipino spirit of lighthearted, everyday happiness and is more endearing to the Filipinos than Ronald McDonald.

Unlike Jollibee, McDonald's remained largely faithful to its core menu. According to Yang, initial sales were astounding. However, it became apparent that localization was necessary to win the Filipinos over and beat the competition. Yang lobbied to integrate local flavors into the menu. As a result, in 1986 McDonald's Philippines introduced McSpaghetti, which was a take on the Filipinos' distinct version of spaghetti. The following years saw new items on the menu, including the Chicken McDo and the Burger McDo in 1993. Such localization has seen some success. In the Philippines, McDonald's has been affectionately given a nickname, McDo. Several of the catchphrases in its commercials have found their way into local lexicon— "Kita-kits" from "Kita-kits sa McDo," a phrase in one of its early commercials, was adopted by locals as a short way for saying "See you there."

Marketing to the smartphone savvy Filipinos, McDonald's has launched several apps. The McDo PH app, with its "Never Miss a Craving" tagline, was built to make McDelivery more accessible. In 2014, McDonald's, collaborated with Coca-Cola to launch the BFF Timeout App, a gaming app that challenges players to go on a "digital timeout" with their best friends. The longer they can go through life without digital interruptions, such as checking their mobile phones, the more points and badges the players get. Best friends can even win free trips through the app. Innovation has also helped McDonald's promote its sales. The Fry Holder, launched in 2014, can be placed in cars to hold fries, allowing drivers to have a hassle free, eat on the go experience. Despite these adaptations, innovations, investments, and the brand's heritage, McDonald's still lags behind Jollibee.

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The latter has over 750 stores nationwide compared to McDonald's 400, around twice in terms of store count market share. Other fast food chains, such as Wendy's and Burger King, have about 250 collectively. According to Forbes Asia, Jollibee controls some 18 percent of the market in Metro Manila, beating McDonald's 10 percent. Jolibee is reportedly also ranked higher than McDonald's when it comes to courtesy and service.

At the global front, McDonald's have been making waves with its fried chicken, fries and burgers. McDonald's menu comes with sets where combination of several food and a drink is served whereas ala-carte allows single order, all being done by responding to local culture where its restaurant operates. It has also enhanced its McDelivery system by engaging with various channel partners such as foodpanda in Malaysia who complement McDonald's own delivery system. In fact McDonald's commitment to international localization is reflected through its own mascot, 'Ronald McDonald". For instance, in Thailand, Ronald McDonald greets people in the traditional Thai "wai" greeting gesture of both hands pressed together. The Thai version of the company mascot was created in 2002 by the local Thai franchise, McThai, as part of a "McThai in the Thai Spirit" campaign. The figure has also been exported to India and other countries where a similar gesture is used. In China, out of respect for Ronald McDonald as an adult, children refer to him as Uncle McDonald. In Japan, Ronald McDonald is called Donald McDonald due to a lack of a clear "r" sound in Japanese enunciation.

McDonald's have also embarked on green initiatives. It has been using a corn-based bioplastic to produce containers for some of its products. The environmental benefits of this technology are controversial, with critics noting that biodegradation is slow, produces greenhouse gases and that contamination of traditional plastic waste streams with bioplastics can complicate recycling efforts. In 1990, McDonald's worked with the US Environmental Defense Fund to stop using "clam shell" shaped styrofoam food containers to house its food products. 20 years later, McDonald's announced they would try replacing styrofoam coffee cups with an alternative material. The U.S. Environmental Protection Agency has recognized McDonald's continuous effort to reduce solid waste by designing more efficient packaging and by promoting the use of recycled-content materials. McDonald's reports that it is committed towards environmental leadership by effectively managing electric energy, by conserving natural resources through recycling and reusing materials, and by addressing water management issues within the restaurant.In an effort to reduce energy usage by 25 percent in its restaurants, McDonald's opened a prototype restaurant in Chicago in 2009 with the intention of using the model in its other restaurants throughout the world. Building on past efforts, specifically a restaurant it opened in Sweden in 2000 that was the first to intentionally incorporate green ideas, McDonald's designed the Chicago site to save energy by incorporating old and new ideas such as managing storm water, using skylights for more natural lighting and installing some partitions and tabletops made from recycled goods.

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When McDonald's received criticism for its environmental policies in the 1970s, it began to make substantial progress in reducing its use of materials. For instance, an "average meal" in the 1970s, a Big Mac, fries, and a drink required 46 grams of packaging; today, it requires only 25 grams, allowing a 46 percent reduction. In addition, McDonald's eliminated the need for intermediate containers for cola by having a delivery system that pumps syrup directly from the delivery truck into storage containers, saving 910 tonnes of packaging annually. Overall, weight reductions in packaging and products, as well as the increased usage of bulk packaging ultimately decreased packaging by 11,000 tonnes annually.

1. How does remaining faithful to its core menu jeopardize McDonald's success in the Philippines? Does this make McDonald's less marketing oriented?

(8 marks)

2. Is adaptation to local culture always important? Why do you think it is so in the case of the fast food industry?

(8 marks)

3. What can McDonald's do to win customers over in Philippines?

(6 marks)

4. What can Jollibee do to thwart McDonald's challenges?

(6 marks)

5. In your opinion, where do McDonald's products reside pertaining to level of products and services? State your justifications.

(6 marks)

6. Discuss the green initiatives undertaken by McDonalds.

(6 marks)

End of Paper